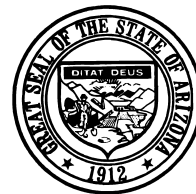


ARIZONA **BINGO REVIEW**



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BINGO RULES NEARING APPROVAL

The rulemaking process has been a long and difficult task. Many of you are wondering when the new changes will be published. Here is what we expect to see happen in the next few months.

A Notice of Proposed Rulemaking will be published in the *Arizona Administrative Register* on February 14, 2003. This is the Department's final draft of the rules. A public hearing will be held on March 17, 2003. A Notice of Final Rulemaking will be submitted to the Governor's Regulatory Review Council (GRRC) on March 24, 2003. A formal hearing with GRRC will be held on May 6, 2003. If there are no objections, the rules will become final. The Department has until May 20,

2003, to make any changes requested by GRRC, if any. After this date, the Governor's Regulatory Review Council will send the rules to Secretary of State to be published. They become effective 60 days later.

The rule package will be published on the DOR website as soon as they are published in the *Arizona Administrative Register*. Copies will be made available in our main office in Phoenix and Tucson. We will also have copies available in our branch offices in Chandler and North Phoenix. If you provide us with an e-mail address, we will e-mail the rule package to you. Our email address is bingo@revenue.state.az.us or you may also fax your request to us at 602-364-0086.

INCREASING BINGO PROFITS

Bingo revenues are what keep many charitable organizations in existence. Maximizing revenues is a process of determining the right balance between your game charges, prize amounts, and overall attendance. Sometimes these conditions are within a manager's control and

sometimes they are not.

In order to increase revenues a manager can raise prices, add incentives for purchasing higher priced cards, add more games, or change the date and time games are played. The best way to increase gross sales is to

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Increasing Bingo Profits

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offer add-ons to existing games. Optional add-ons give the player an opportunity to play for an additional prize as a side game or they can just play the original game. Add-ons might have a player bingo on a certain number or one of several numbers, bingo on a predetermined number of calls, or a specific pattern, etc. The add-on games must be available to all players and the licensee must pay the additional prize paid as well as the prize for the regular game. The total sales from these games must also be recorded on your game verification record and the player must also sign for both prizes.

GAME PROGRAM CHANGES

You may change your game program at any time. You do not need the approval of the Bingo Section prior to making regular game program changes. If you have a Special Bonus Game as described in Rule 15-7-202, you may only make changes at the beginning of a quarter. However, you must have prior approval to change your Special Bonus Game. Prizes cannot exceed \$3,000 per occasion without a Special Bonus Game License.

WHAT HAPPENS WHEN THE LIGHTS GO OUT

We believe the easiest way to handle this situation is to collect all the unused cards from each player. Staple them together, put their name on the batch, and give them a receipt for the cards. When they return for the next occasion, give them their cards back. Make sure you verify the receipt to the names on the cards. This is the easy way; otherwise it is very difficult to refund the money for unused cards. This is only a suggestion; you can refund their money if you choose to do so.

FINANCIAL REPORT REMINDER

When you complete your financial report, the ending balance should match the ending balance on your bingo check register. Our Bingo Auditors have found this to be a problem in recent visits. Catching your mistakes early can avoid amending a report later. Call us if you need help.

CANCELLING SUMMER GAMES

If you plan on canceling your games this summer, please remember to notify us in writing of the last date you plan on playing. We also need an approximate date for when you plan to resume your games.



QUESTIONS & ANSWERS

Question: "Do we have to keep winner signature sheets for three years?"

Answer: Yes. ARS § 5-407 says that you must keep such books and records as may be necessary to substantiate the particulars of each report you file. One requirement is a permanent record containing the signature of each player who receives a cash prize and the amount of the cash prize. ARS § 5-408 says, "Such reports shall be maintained and available to the licensing authority for a period of three years."

Question: "Can we stock our bar from bingo proceeds?"

Answer: Maybe. ARS § 5-401, paragraphs 11 and 12, define "Lawful Use" and Lawful Purposes." This means that your money must be spent for purposes of carrying out your mission and aims or for the purpose of charity. If you look through your Articles of Incorporation and you find statements like "to provide social activities" "entertainment for members" or "to promote brotherhood", then this is part of your mission and aims. Then bingo proceeds may be used to support them. You could also pay for the liquor license with bingo proceeds.

Question: "Can we pay all of our utility bills with bingo proceeds?"

Answer: Yes. Pay the full amount with one check. Report the amount for bingo on Schedule I and the remaining on Schedule II of the financial report.

Question: "Can we pay our mortgage payment with bingo proceeds?"

Answer: Yes, if you are a qualified organization, if you use the premises for your bona fide charitable purposes, and if you play bingo there and don't collect rent. Report the prorated bingo portion of the payment on Schedule I and the remaining amount on Schedule II.

Question: "Can we pay our lodge fire insurance?"

Answer: Yes, with the same reporting requirements as above.

Question: "How much money can we give to our ladies auxiliary?"

Answer: You can always donate up to 5% of your net proceeds to your auxiliary. If you want to donate more than 5% of your net, write us and tell us what you want to do. We will give you written permission as required by statute for all reasonable and lawful requests.

Question: "How much can we spend to have a party for our bingo workers?"

Answer: Legally, this would be considered compensation of bingo workers and must be reported on Schedule I. However, there really isn't a dollar amount set, but it should not be an exorbitant amount, like \$2,000. If the dollar amount is reasonable, we will not have a reason to question it, but if the dollar amount is really high, then we will question it. Call us before you commit to something that won't work.

Question: "If a husband and wife come to the occasion, can they make out one check to purchase both persons' cards?"

Answer: Yes.

Question: "After we award a check prize, can we have the player endorse it, then pay them in cash?"

Answer: Yes. Then deposit the check with your receipts. This prize is a "check prize," not a cash prize. Do not list it on your verification record for the night as a cash prize.

Question: "For the last game of the night, the players want to put money into a pot. If someone bingos in 6 numbers they get the money in the pot along with the regular prize. If no one bingos in 6 numbers, the money rolls over to the next game and the number goes up to 7. Is this OK?"

Answer: No. As described, the players are offering an additional prize. Players are not licensed to conduct games of bingo and therefore cannot offer a prize. The licensee can

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Questions & Answers

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offer an alternate prize for achieving bingo based on a certain number of calls.

1. The licensee can offer the additional prize if a player accomplishes a bingo based on the number of calls. Paying the additional prize will come from your bingo proceeds.
2. Charge the players a little extra to play this game, which would go into this pot. If a player accomplishes a bingo within the number called, they win the extra prize. If not, keep the money until the next game; charge again for the game, and do so until someone wins in the specific number of calls required.

Question: "We have a member who joined several years ago then dropped out. They are back now and want to serve as the Proceeds Coordinator. Can their service be counted towards the 2-year membership requirement?"

Answer: We interpret the 2-year membership requirement as 2 aggregate years, not 2 continuous years. Yes, prior membership can

be used toward meeting the 2-year requirement. Remember that the Proceeds Coordinator must also be an officer or director of the organization. Until R15-7-204 B is deleted, the two year membership requirement must be continuous and fulfilled immediately prior to submission of the affidavit to work.

Question: "We failed to renew our bingo license within the thirty-day grace period. Can we still play bingo during the interim?"

Answer: No, you cannot. After the 30-day grace period has passed, you no longer have a bingo license and you must reapply for a new license under A.R.S. § 5-404.

Question: "I had a customer who wanted me to read all the bingo laws and rules to them before the occasion began. Do I have to?"

Answer: No, R15-7-221 only specifies that a copy of the rules and applicable statutes are on the premises and available for inspection by any player upon request. However, you may want to make an exception for anyone who is blind.